APPENDIX 4E
FOR THE YEAR ENDED 30 JUNE 2018

Name of entity:

Yowie Group Ltd

1.

ABN or equivalent company reference:	Reporting period:	Previous corresponding period:
98 084 370 669	**Year ended 30 June 2018**	Year ended 30 June 2017

2. Results for announcement to the market

					US$
2.1	**Revenue from ordinary activities**	down	**10%**	to	**17,519,314**
2.2	**Loss from ordinary activities for the period after tax attributable to members**	reduced by	**32%**	to	**(4,926,820)**
2.3	**Net loss for the period attributable to members**	reduced by	**32%**	to	**(4,926,820)**

2.4	**Dividends**	Amount per security	Franked amount per security
	Final dividend	**Nil**	**N/A**
	Interim dividend	**Nil**	**N/A**

2.5 Record date for determining entitlements to the dividends

N/A

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

The decrease in revenue from ordinary activities for the period by 10% compared to the previous corresponding period is primarily due to a stock adjustment claim from the Group's major US retail customer of US$1.99 million.

Excluding the stock adjustment claim, the revenue from ordinary activities is 0.2% above the prior year, in line with revised guidance in February 2018.

	2018 US$	**2017 US$**	**YoY %**
Excluding stock adjustment claim	19.51 million	19.48 million	+0.2%
After stock adjustment claim	17.52 million	19.48 million	-10%

Further commentary on the results for the period can be found in the Annual Report accompanying this Appendix 4E.

YOWIE GROUP LTD

ABN 98 084 370 669

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2018

CONTENTS

(Expressed in US Dollars (US$), unless stated otherwise)

COMPANY DIRECTORY

DIRECTORS:	Mr Louis Carroll Mr Mark Schuessler Mr Glen Watts Mr William Johnson
KEY MANAGEMENT:	Mr Cove Overley
COMPANY SECRETARY:	Mr Neville Bassett
REGISTERED AND PRINCIPAL OFFICE:	Level 4 216 St Georges Terrace Perth WA 6000 Telephone: (08) 6268 2640
ABN:	98 084 370 669
COMPANY WEBSITE ADDRESS:	www.yowiegroup.com www.yowieworld.com www.yowbrands.com
AUDITORS:	Deloitte Touche Tohmatsu Tower 2, Brookfield Place 123 St Georges Terrace Perth WA 6000
SHARE REGISTRY:	Link Market Services Limited Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000 Telephone: 1300 554 474 or +61 2 8280 7111
ASX CODE:	YOW

Fellow Shareholders,

The 2018 financial year was a 'reset' year for Yowie. Your Board believes that the Company has laid the foundations for future success during the last six months and is now moving towards operating profitably.

I was appointed Chairman in September 2017. At the end of that year, it became apparent that notwithstanding the Company's early successes, the Company would not meet its previously published FY2018 growth guidance. Board and management changes were made in early January 2018 and in February we told you that we would recover the revenue decline and match the previous year's revenues. I am now pleased to confirm that not only have we successfully delivered on this front, we did so while at the same time aggressively reigning in costs across the board. In this financial year, which started in July 2018, the company expects to generate positive cash from operations and trade profitably.

Your Board has been disappointed that the Company's share price does not reflect what has been achieved in the last six months. As indicated above, costs have been brought under tight control on all fronts, headcount has been reduced, gross margins have been maintained and the revenue decline has been arrested and modest growth restored.

Our major customer in the US has seen its sales of Yowie rebound more than 20% from the levels to which they were reduced when a major competitor first arrived in that market. This has been achieved despite very high promotional expenditure by that major competitor.

Woolworths in Australia has supported our products strongly and has recently confirmed that it will expand its distribution of Yowie to all 950 of its stores in October. Distribution increases in the US are continuing and our market share is growing.

We still have US$19.5 million in cash and profitable trading is in sight. We strongly believe that these are grounds for the stock to be rerated. The current share price is approximately 70% of the cash backing per share.

Your Board and management are making significant progress on all fronts. Mark Schuessler's CEO report contains more details of our operating successes. On behalf of the Board, I would like to thank management for their achievements and you as shareholders for your continued support. We look forward to justifying your confidence during this financial year.

Louis Carroll
Non-Executive Chairman

Financial year 2018 was a transitional year for Yowie and we are pleased with our progress in getting back to sales growth trajectory and on the path to profitability. Net sales reaching US$19.5 million, excluding the retail inventory adjustment, resulting in flat sales versus 2017. Yowie made a Board and management change mid-year, resulting in a major re-tooling of the company focusing on accelerating distribution in the US, affecting significant cost reductions, re-evaluating marketing expenditures and realigning personnel to better service our customers. Annual revenue guidance was revised mid-year and the Company met the revised sales targets. We had a very strong Q4 with a 17% growth in sales (38% in the US) and an increase in US market share despite a very competitive category.

The resetting of priorities is critical to the Company getting to profitability and a positive cash flow. We focused on the following fundamentals:

1. Accelerating distribution in the US markets through more aggressive customer engagement, broadening our resources to address the Grocery and Convenience channels and increased trade spending.

2. Aggressive cost cutting across the company including headcount reduction, restructuring the company sales and distribution network, infrastructure changes, and closing the Hong Kong office. Admin expense reductions totalled US$1.3 million in FY2018 compared to FY2017.

3. Reducing significantly marketing expenditures to focus on direct consumer engagement through social media and less on content development resulting in a US$1.4 million reduction in H2 spending compared to H1.

4. Realigning our team based on skill sets to maximize customer touchpoints and eliminate outside resources.

We were successful in implementing the above, resulting in:

1. Gained US distribution across all channels to 43.1% share of stores carrying Yowie based on ACV (All Commodity Volume) xAOC (eXtended All Outlets Combined: Food, Drug, Mass Convenience). This was an increase 34.2% versus a year ago. This equates to an increase to 50k retail outlets versus 39k a year ago.

    - Food Channel increased to 20.5% from 13.7%
    - Convenience Channel increased to 21.9% from 10.6%
    - Drug Channel increased to 27.4% from 16.3%

2. Secured ranging in half Woolworth's Australia store base with excellent results. National ranging will take place in October.

3. Met re-calibrated annual sales guidance with a strong Q4 (+18% versus previous period) driven by increased distribution and trade programs. This is despite the aggressive launch in the US by a major global competitor. We also reduced our cash burn rate in the second half of the year.

4. Reduced and realigned personnel to better focus on our customers.

5. Continued excellent gross margins, before the retail inventory adjustment.

6. Released Webisode series in conjunction with Icon Animation and began selling books in Australia. This is our move to build the Yowie character base with consumers and expand the brand outside of confectionary.

7. Initiated launch of the Wildlife Conservation Society inspired Series 4 in the US adding to our credibility as a brand dedicated to "Save the Natural World".

In our key US market, sales declined 4% YoY due to the aggressive competitive launch by a major global player that impacted our business considerably at our largest retail customer. However, our Q4 US number was up 38% due to accelerated distribution in the Food, Drug and Convenience channels. Additionally, our market share as reported by Nielsen is .8845%, an increase of .0124% versus previous corresponding period, despite the competitive situation. Critical to note is our relationship with our largest customer is strong and our business has stabilized at a level considerably higher than their benchmarks.

Going forward, management's focus is to get the Company back on a sales growth trajectory along with new product development, continued cost reductions, prudent marketing investments and financial discipline. Our revised strategies plan on the following to achieve profitability:

1. Develop and bring to market new items consistent with our brand mission to educate consumers about the natural world, including in the publishing sector.

2. Continue to launch new series at least 2 times per year.

3. Grow distribution in the US, ANZ and Canada across all channels of trade to provide more buying opportunities for consumers.

4. Evaluate marketing investments on a continual basis and look to execute more direct to consumer events.

5. We expect a further reduction in admin costs YoY in excess of US$1 million.

6. Improve the supply chain through better planning and procurement to reduce cost and inventory.

7. Expanding into select international markets.

With continued focus on the core fundamentals and expanding our availability to consumers, we expect to grow top line sales and improve our financial results. The business has stabilized and we anticipate turning cash flow positive in the foreseeable future. After FY2018's challenging year, we have successfully transitioned to a leaner, more efficient and effective Yowie and we are excited about returning to growth, while improving financial results. We appreciate the support of our shareholders as we build the Yowie brand.

Mark Schuessler
Managing Director & Global Chief Executive Officer

Your Directors submit their report together with the financial report of Yowie Group Limited ("the Company") and the consolidated entity ("the Group") for the year ended 30 June 2018.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

As at the date of this report, the Company does not have an Audit, Remuneration or Nomination Committee of the Board of Directors. The full Board assumes the responsibilities of these individual committees. Given the size of the Company, it is felt that separate committees cannot be warranted but as the Company grows, these committees may be established.

Mr Louis Carroll

Non-Executive Chairman *(appointed 18 September 2017)*

Qualifications: BA (Hons) in English

Mr Carroll has had a successful international career, culminating in CEO and Chair roles, across a range of private and publicly owned companies.

He has had executive roles with Mars in Australia and the United Kingdom, and is also a former General Manager of AFTA Travel Insurance. He established the TeleTech business in Australia which grew to become TeleTech Asia Pacific with revenues of more than A$200 million and more than 4,000 employees in six countries under his leadership. He was a Director of Cover-More through its Initial Public Offering in 2013, becoming Chairman two years later and driving that Company's successful sale in 2017 to Zurich. He now chairs Cover-More as a wholly owned subsidiary of Zurich.

He also has numerous early stage technology investments and acts as an advisor to some of these.

Mr Mark Schuessler

Global Chief Executive Officer *(appointed 2 January 2018)*
Managing Director *(appointed 5 January 2018)*

Qualifications: BSBA, MBA Finance

Mr Schuessler is an experienced senior executive leader with more than 30 years' U.S. and international markets experience. Mr Schuessler has extensive cross discipline and cross category operational leadership experience in the consumer packaged goods industry with Doumak Inc., The Campbell Soup Company, Procter and Gamble and early financial roles in the printing and banking industries.

DIRECTORS (continued)

Mr Mark Schuessler (continued)

Mr Schuessler was President and Chief Operating Officer of Doumak Inc. from 2013, a privately held US$100+ million confectionery manufacturer of the Campfire brand, private label marshmallows distributed throughout the U.S. and the Rocky Mountain brand distributed in more than 70 countries globally. During his leadership period, the Company experienced annual top line double digit growth and a significant increase in the bottom line through increased productivity, new item launches and a global market focus. Prior to being President and Chief Operating Officer, Mr Schuessler was Vice President and Chief Operating Officer of Sales and Marketing with significant sales and profit growth.

Mr Glen Watts

Non-Executive Director *(appointed 5 January 2018)*

Qualifications: BEng (Chemical)

Mr Watts is a highly strategic and commercial Senior Executive with a strong track record of driving transformational business performance and profitability across multiple geographies within a leading multinational across the fast-moving consumer goods ("FMCG") and manufacturing sectors.

In his 26-year career with the FMCG multi-national company, Kimberly-Clark, he has lived and worked in ANZ, Europe and North America and had direct responsibility of business across South Asia. His last executive role was as Managing Director for Kimberly-Clark Australia and New Zealand, a billion dollar business driven by optimising the potential of iconic (Huggies and Kleenex) and emerging (U by Kotex and Depend) brands to be one of the most successful regions for Kimberly-Clark globally.

He currently is Chairman of the Centre of Perinatal Excellence, a NFP organisation focused on perinatal mental health. He is also a Director of the Australian Mitochondrial Disease Foundation.

Mr William Johnson

Non-Executive Director *(appointed 10 April 2018)*

Qualifications: MA(Engineering), MBA, MAICD

Mr Johnson is a highly-experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.

His 30-year business career spans multiple industries and countries, with Executive and CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and internet ventures (New Zealand, Philippines and Australia).

DIRECTORS (continued)

Mr Bert Alfonso

Managing Director and Global Chief Executive Officer *(resigned 2 January 2018)*

Qualifications: Bachelor of Accounting, CPA, MBA Marketing

Mr Alfonso has more than 30 years of experience in improving operating performance and building extraordinary global teams that work together to create a winning culture.

Mr Trevor Allen

Non-Executive Director *(resigned 5 January 2018)*

Qualifications: BCom (Hons), CA, FF, FAICD

Mr Allen has been an Independent Non-Executive Director since 26 March 2015. He has more than 30 years of corporate and commercial experience, primarily as a Corporate and Financial Adviser to Australian and international corporates.

Ms Patricia Fields

Executive Director *(resigned 5 January 2018)*

Qualifications: Graduate Diploma (Marketing)

Ms Fields has more than 30 years of commercial and brand experience in consumer goods industries.

Directorships of other listed companies during the past three years

Name	*Company*	*Commenced*	*Ceased*
Mr L Carroll	Cover-More Group Limited	2 Dec 2013	13 Apr 2017
Mr M Schuessler	No other directorships	-	-
Mr G Watts	No other directorships	-	-
Mr W Johnson	Strike Resources Limited	14 Jul 2006	-
	Bentley Capital Limited	13 Mar 2009	-
	Keybridge Capital Limited	29 Jul 2016	-
	Molopo Energy Limited	31 May 2018	-

DIRECTORS (continued)

Interests in the shares and options of the Company

As at the date of this report, the Directors (including their personal related parties) held the following ordinary shares, options and rights over ordinary shares in the Company as set out below.

Name	*Number of Ordinary Shares*	*Number of Options*	*Number of Rights*
Mr L Carroll	750,000	-	815,217
Mr M Schuessler	942,398	-	1,094,431
Mr G Watts	83,083	-	500,001 [1]
Mr W Johnson	-	-	-
Total	**1,775,481**	**-**	**2,409,649**

1 Subject to shareholders' approval at AGM

COMPANY SECRETARY

Mr Neville Bassett AM

Qualifications: BCom, FCA

Mr Bassett is a chartered accountant with more than 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

SENIOR EXECUTIVES

Mr Cove Overley

Global Chief Marketing Officer

Qualifications: BA (Toy Design) and AD (Industrial Design)

Prior to joining Yowie as Global Chief Marketing Officer, Mr Overley worked as Chief Commercial Officer and General Manager developing 25 unique experiential shopping locations around the globe for KidZania Sa de Cv (Mexico City). In that time, he developed more than 800 unique product SKUs (SKU refers to a specific item stored to a specific location) per year and shipped more than 50 million experiential themed products to locations including Mexico, Japan, Dubai, United Kingdom, Europe and South East Asia. With an investment of US$3.9 million, he transformed the wholesale, retail and distribution business into a total of US$75 million within 5 years. Previous to this, Mr Overley headed the Product Innovations and Communications Department for the Asian office for Recreation Plc (United Kingdom) as well as developing a strategic electronics distribution and marketing company called Street Value Limited which had turned a minimum profit increase of 20% per year for the past 9 years.

SENIOR EXECUTIVES (continued)

Mr Cove Overley (continued)

He is currently a Director and shareholder at Street Value Limited (Hong Kong) and XTRA Brands Limited (Hong Kong). Mr Overley was previously a Director at KidZania Sa De Cv (Mexico) until he resigned his post in May 2016.

PRINCIPAL ACTIVITY

Yowie Group Limited is a global brand licensing Company, specialising in the development of consumer products designed to promote learning, understanding and engagement with the natural world through the adventures and exploits of six endearing Yowie characters. Educating children and adults about the environment and ecology and 'Save the Natural World' is at the heart of the Yowie proposition. Yowie Group Limited employs its company-owned intellectual property rights to supply Yowie branded chocolate confectionery product, a digital platform and Yowie branded licensed consumer products. The Group's vision for the Yowie brand is to distribute on a widening basis the Yowie product in the US (United States of America) and ANZ (Australia and New Zealand) with further international expansion.

OPERATING AND FINANCIAL REVIEW

During the financial year the Group focused on building a strong sales and distribution network both in the US and ANZ markets, with some important key milestones achieved.

Sales and Distribution

Global

- The Group achieved annual revenue guidance provided in February 2018.

- Global net sales for the year ended 30 June 2018, before one-off stock adjustment claim*, were US$19.51 million, a 0.2% increase over the previous corresponding period (US$19.48 million).

  Global net sales, after the stock adjustment claim, were US$17.52 million for the year ended 30 June 2018, 10% lower than the previous corresponding period (US$19.48 million).

  * Please refer to 'Operations' section below for further details on the one-off stock adjustment claim.

- The Group continued to make significant progress in broadening its distribution network and growing market share, discussed further below.

North America

- North America net sales for the year ended 30 June 2018, before one-off stock adjustment claim, were US$16.84 million, a decrease of 4% compared to previous corresponding period (US$17.57 million). This is primarily due to the impact of an aggressive launch by a global competitor in the US market, partially offset by improved distribution in other distribution networks.

OPERATING AND FINANCIAL REVIEW (continued)

Sales and Distribution (continued)

North America (continued)

North America net sales, after the stock adjustment claim, were US$14.85 million for the year ended 30 June 2018, 15% lower than the previous corresponding period (US$17.57 million).

- Expansion in the Grocery, Convenience, Mass and Specialty consumer channels, including:

  - Grocery: addition of Albertson's, expansion of Safeway and Brookshire Bros, and new key accounts on both the east and west coasts of the United States;

  - A significant expansion in Target to 1,250 stores, following the successful sales results from a 300-Target store trial;

  - Convenience: sales expansion into Circle K, 7-Eleven, Speedway, Travel Centers of America, Sunoco and AMPM; and

  - Specialty: addition of Bed Bath and Beyond, Five Below and Michael's.

- The percentage of US stores carrying Yowie as reported by Nielsen effective 16 June 2018 increased to 44.5%* from 36.7%* during the reporting period.

  * Percentage relates to the Nielsen measurement of the numbers of stores that carry Yowie brand, indicating product availability to the consumer based on ACV (All Commodity Volume) and xAOC (eXtended All Outlets Combined: Food, Drug, Mass and Convenience)

- US market share was reported by Nielsen at .8845%, an increase of .0124% versus previous corresponding period, despite the aggressive launch by a major global competitor that invested heavily to enter the US market for the first time.

- Discovery World fell short of budget as retailers were hesitant to bring on more, lower priced offerings to the crowded set. The Group created a provision for write-downs on raw materials relating to Discovery World.

Australia and New Zealand (ANZ)

- ANZ net sales for the year ended 30 June 2018 were US$2.67 million, an increase of more than 40% over the previous corresponding period. This is attributable to full year sales in the market and important placement in a major Australian retailer, Woolworths.

- Yowie successfully launched Series 2, the Ranger Series, before the critical Easter holiday period in Australia. The Group continues to expand distribution throughout Australia and expansion into New Zealand has begun as well.

OPERATING AND FINANCIAL REVIEW (continued)

Marketing

- The Group has revamped its marketing plans to utilise available digital assets to accelerate brand recognition and character development, focus on public relation opportunities and reduce spending significantly.

  Marketing spending for the reporting period was US$3.52 million, with a significant reduction in spending for the second half of the year of US$1.08 million, compared US$2.44 million in the first half. This was the result of more specific and targeted spending to brand recognition and drive distribution.

- The Group successfully launched Yowie books and Yowie cartoon series to build awareness of the Yowie character. To view the cartoon series, please visit our website www.yowieworld.com.

- Launch of US Series 4 in support of the Wildlife Conservation Society (WCS) reflects Yowie's continued commitment to innovation and bringing more collectability to the market. The release of this new series was timed with the release of Yowie's latest app, YowieScope™ where children, families and collectors will be able to learn more about the species they collect with updated information, photos, videos and fun facts. Each animal or character collected can be scanned and placed in a virtual collection gallery. This breakthrough technology provides new experiences and after-sales engagement.

Operations

- An agreement was reached with Whetstone regarding the packaging equipment that had been the subject of a lawsuit between the parties. On 17 October 2017, Yowie successfully recovered the contested packaging equipment and have utilised the equipment to meet increased production requirements.

- In January 2018, the Group's major US retail customer claimed a chargeback of $1.99 million. The claim followed the retailer's periodic internal supplier audit based on stock adjustments arising during the previous two years. Negotiations on the quantum and merits of the claim were conducted in January 2018 and the Group agreed to repay chargeback of US$1.99 million over the next twelve months. The amount of the claim has been recognised against 'Sale of goods' in the Consolidated Statement of Profit or Loss in the current reporting period.

  The Board is satisfied that this event will not adversely affect the trading relationship with the customer and that the underlying issues that resulted in the claim have been satisfactorily addressed to reduce the likelihood of a future claim.

  The Group continues to focus on improvements to packaging and the supply chain in order to eliminate future stock claims.

OPERATING AND FINANCIAL REVIEW (continued)

Corporate

- Mr Louis Carroll joined the Board as Non-Executive Chair in September 2017. Mr Carroll has a distinguished international career in CEO, Senior Executive Management and Chair roles across a range of founder-backed, entrepreneurial organisations and public companies.

- Mr Bert Alfonso resigned from his position as Global Chief Executive Officer and Managing Director on 2 January 2018.

- Mr Mark Schuessler, formerly the Global Chief Operating Officer and Chief Executive Officer of Yowie North America assumed the role of Global Chief Executive Officer effective on that date and the role of Managing Director effective on 5 January 2018.

- Mr Glen Watts was appointed to the Board as Non-Executive Director on 5 January 2018. Mr Watts has a strong track record of transforming business performance and profitability in global FMCG and manufacturing.

- Ms Patricia Fields and Mr Trevor Allen resigned as directors effective 5 January 2018.

Outlook and Cost Saving

- The Group's main focus continues to be to gain distribution across all channels in North America and ANZ with more competitive promotional and merchandising activity to engage retailers and provide the consumer with easier access to Yowie.

  During the second half of the year, the Group focused on realigning resources and spending on activities that would expand distribution, reduce overhead and drive the Group to profitability.

- Corporate infrastructure has been restructured to maximise retail, broker, and distributor touchpoints, and take advantage of the Group's experience. During the second half, the Group implemented initiatives that reduced administrative costs by US$1.3 million compared to the previous corresponding period, excluding non-recurring and non-cash expenses.

	FY2018 US$	FY2017 US$
Administration	(4.10 million)	(11.04 million)
Add back non-recurring/non-cash expenses:		
Share-based expenses/(reversal)	(1.16 million)	4.59 million
Depreciation and amortisation	0.25 million	0.19 million
Adjusted EBITDA Loss	(5.01 million)	(6.26 million)

OPERATING AND FINANCIAL REVIEW (continued)

Outlook and Cost Saving (continued)

- Despite the improvements in sales and significant cost reduction in the second half of the year, there is more work to be done. Given the operating results in the current year, the Board has not paid any management bonuses or other incentives.

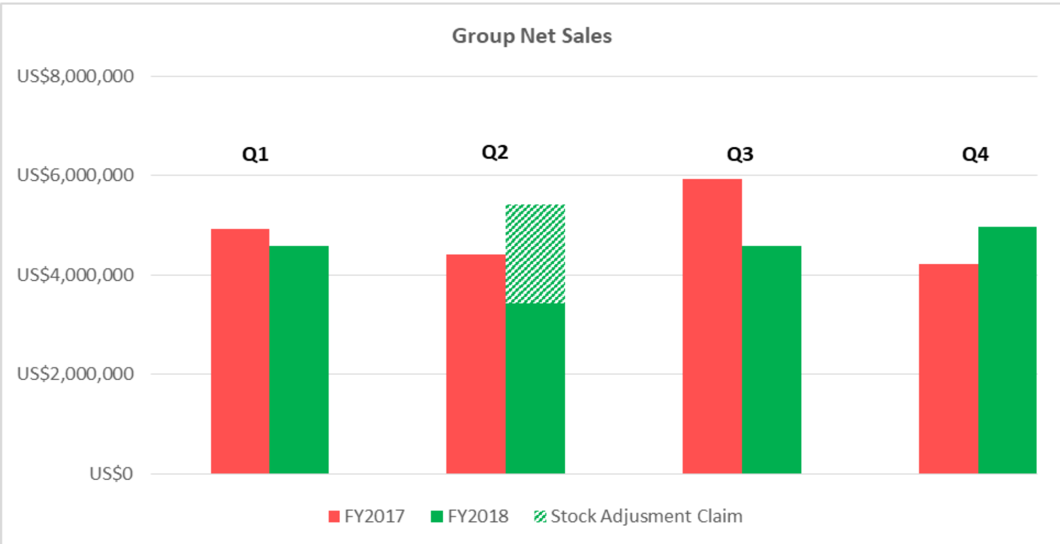
  The total remuneration for Key Management Personnel (KMP) including share-based compensation has significantly decreased to US$0.6 million from US$6.5 million in the previous period. During the year, unvested rights previously awarded to directors and KMP were cancelled due to resignation and forfeiture, resulting in an expense of US$1.1 million in credit position, compared to an expense of $4.3 million in the previous corresponding period. Please refer to the Remuneration Report for additional details.

- The Group is committed to executing its plans for expanded distribution and cost control in order to deliver positive growth and improved financial performance.

Financial Overview

- The Group generated net sales of US$17.52 million during the year ended 30 June 2018.

  Total net sales, before stock adjustment claim, were US$19.51 million, a 0.2% increase over the previous corresponding period and in line with revised guidance in February 2018.



- Excluding the stock adjustment claim, the Group's gross margin remains in excess of 50%. The Group continues to focus on cost reduction efforts in order to maintain gross margin despite the significant competitive and pricing challenges in the space.

OPERATING AND FINANCIAL REVIEW (continued)

Financial Overview (continued)

- The Group's adjusted EBITDA loss for the year ended 30 June 2018 was US$1.92 million, an improvement of almost 40% as compared to the previous corresponding period.

	FY2018 US$	FY2017 US$
EBITDA Loss	(3.88 million)	(7.97 million)
Add back non-recurring/non-cash expenses:		
Share-based expenses/(reversal)	(1.16 million)	4.59 million
Stock adjustment claim	1.99 million	-
Inventory write-downs	1.13 million	0.23 million
Adjusted EBITDA Loss	(1.92 million)	(3.15 million)

- Marketing costs for the year were US$3.52 million, with second half spending reduced to US$1.08 million, down from US$2.44 million in the first half.

- The Group wrote off its intangible assets by US$1.2 million. The write-off mostly relates to the development of Yowie book and Yowie cartoon. The Board reviewed the expected future economic benefits from these assets and determined that it was highly unlikely that any future economic benefits would exceed the net book value and, therefore, the assets have been written off. The Group will continue to utilise these assets to broaden brand awareness and develop the Yowie character.

- Net loss after tax for the year ended 30 June 2018 is US$4.9 million compared to a net loss after tax of US$7.3 million in the previous corresponding period.

- The net assets of the Group decreased by 18% to US$29.6 million as at 30 June 2018, down from US$36.2 million as at 30 June 2017.

- As at 30 June 2018 the Group's consolidated cash position was US$19.5 million (30 June 2017: US$26.9 million).

  Capital, funding and liquidity are managed at the corporate level. A summary of the cash flows for the Group is as follows:

Cash flows used in:	**US$**
- Operating activities	(5.49 million)
- Investing activities	(1.79 million)
- Financing activities	(0.01 million)
Net cash flows for the year	**(7.29 million)**
Opening cash	26.88 million
Effect of foreign exchange movements	(0.12 million)
Closing cash balance	**19.47 million**

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no matters that significantly affected the state of affairs of the Group during the financial year, other than those referred to in the review of operations.

DIVIDENDS

The Directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the end of the financial year.

DIRECTORS' MEETINGS

The number of meetings attended by each Director during the year was as follows:

Director	*Eligible to Attend*	*Attended*
Mr L Carroll	6	6
Mr M Schuessler [1]	4	4
Mr G Watts	4	4
Mr W Johnson	2	2
Mr B Alfonso	5	5
Mr T Allen	5	5
Ms P Fields	4	4

[1] This indicates the number of Directors' meetings Mr M Schuessler is eligible to attend after his appointment to the Board.

SHARES UNDER OPTION

Unissued ordinary shares under options and rights outstanding at 30 June 2018 are as follows:

Number of Options	*Exercise Price (A$)*	*Expiry Date*
100,000	1.510	24 Aug 2018
200,000	1.630	24 Aug 2018
75,000	1.400	8 Sep 2018
125,000	1.510	8 Sep 2018
500,000		

SHARES UNDER OPTION (continued)

Service and Performance Rights	*Number of Securities*	*Exercise Price (A$)*	*Expiry Date*
Service rights	132,925	-	12 Jun 2019
Service rights	142,511	-	12 Dec 2019
Service rights	132,925	-	12 Jun 2020
Service rights	271,739	-	18 Sep 2023
Service rights	166,667	-	8 Jan 2024
Service rights	271,739	-	18 Sep 2024
Service rights	166,667	-	8 Jan 2025
Service rights	271,739	-	18 Sep 2025
Service rights	166,667	-	8 Jan 2026
Performance rights STI	600,000	-	30 Jun 2018
Performance rights LTI	588,052	-	30 Jun 2020
Performance rights LTI	1,531,039	-	30 Jun 2021
	4,442,670		

Shares issued as a result of the exercise of options

No shares were issued as a result of the exercise of options during the year ended 30 June 2018, including the period up to the date of this report.

EVENTS SUBSEQUENT TO BALANCE DATE

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Group is contained within the operating and financial review.

REMUNERATION REPORT (audited)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

The Directors present the Yowie Group Limited FY2018 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:
(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Remuneration expenses for KMP
(e) Contractual arrangements for KMP
(f) Equity instrument disclosures relating to Key Management Personnel

(a) Key Management Personnel (KMP) covered in this report

Name	Position
Mr Louis Carroll	Non-Executive Chairman *(appointed 18 September 2017)*
Mr Mark Schuessler	Global Chief Executive Officer *(appointed 2 January 2018)* Managing Director *(appointed 5 January 2018)*
Mr Glen Watts	Non-Executive Director *(appointed 5 January 2018)*
Mr William Johnson	Non-Executive Director *(appointed 10 April 2018)*
Mr Cove Overley	Global Chief Marketing Officer
Mr Bert Alfonso	Managing Director *(resigned 2 January 2018)* Global Chief Executive Officer *(resigned 2 January 2018)*
Mr Trevor Allen	Non-Executive Director *(resigned 5 January 2018)*
Ms Patricia Fields	Executive Director *(resigned 5 January 2018)*
Mr Salvador Alvarez	Chief Executive Officer of Yowie North America *(resigned 13 July 2017)*

(b) Remuneration policy and link to performance

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

From time to time, the Board engages an external remuneration consultant to assist with reviewing of the Group's remuneration policy.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

In particular, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

To assist in achieving these objectives, the Board has linked the nature and amount of executive KMP remuneration to the Company's financial and operational performance. Remuneration paid to the Company's Directors and Executives is also determined having regard to the cash available to the Company.

At the Annual General Meeting ("AGM") held on 16 November 2017, shareholders holding approximately 72% of eligible votes cast a 'No' vote in relation to the adoption of the remuneration report for the year end 30 June 2017. The Company, therefore, received what is known as a 'Second Strike' under the Amendments to the Corporations Act. Shareholders voted against the requirement to hold a 'spill resolution'.

Following the vote at the 2017 AGM, the Board, at its discretion, decided not to pay out any Short Term Incentives or Long Term Incentives vesting during the year ended 30 June 2018. Total remuneration expenses for KMP have decreased significantly to US$0.6 million, down from US$6.5 million, after reversing the expense of $1.1 million related to the cancellation of unvested rights due to resignation and forfeiture. Please refer to point (d) for details of KMP remuneration expenses.

Executive KMP are those directly accountable for the operational management and strategic direction of the Company.

Having regard to the number of members currently comprising the Company's Board and the stage of the Company's development, the Company does not have a separately established remuneration committee. The functions that would be performed by a remuneration committee are currently performed by the full Board.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Remuneration framework

Element	Purpose
Fixed annual remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits.
Short-term incentives (STI)	Reward available for meeting pre-determined performance hurdles within a 12-month time period. Performance pay is 'at risk' such that if performance hurdles are not met, the payment is not made, other than at the discretion of Directors to cover unforeseen circumstances. Performance pay may be paid in cash or in the form of share-based compensation at the Board's absolute discretion through participation in the YOW Employee Incentive Plan (EIP) through participation in the annual grants of service rights or performance rights where vesting are subject to performance hurdles.
Long-term incentives (LTI)	Performance hurdles are aligned to long-term shareholder value. Performance rights are 'at risk' such that if performance hurdles are not met, the performance rights do not vest. The long term incentive once determined will be paid in cash or awarded as fully vested service rights. Performance rights are paid in the form of share-based compensation through participation in the YOW Employee Incentive Plan (EIP).
Service Rights	One off issuance subject to Board's discretion to attract and retain high calibre employee. Vesting of rights subject to Employee remaining employed by the Company on the vesting date.

REMUNERATION REPORT (audited) (continued)

(b) Remuneration policy and link to performance (continued)

Balancing short-term and long-term performance

Annual incentives are set at a maximum of 100% of fixed remuneration, in order to drive performance without encouraging undue risk-taking. Long-term incentives are assessed over a two or three year period and are designed for the achievement of long-term growth in shareholder returns.

Assessing performance

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance from management, which are based on independently verifiably data such as financial measures, market share and data from independently run surveys.

Minimum shareholding and holding conditions

All Directors and employees are encouraged to own Yowie shares. The Company does not have a formal minimum shareholding policy or mandatory holding condition on awarded shares. However, it is important to note that the nominal value of share rights is determined at the commencement of the performance period motivating executives to hold shares and grow shareholder value.

Use of remuneration consultants

On an as-needed basis, the Non-Executive Director engages Crichton + Associates Pty Ltd ("Crichton") to provide various services in relation to executive KMP remuneration and the Yowie Employee Incentive Plan (EIP). Crichton did not make any remuneration recommendations to the Board during the year. Notwithstanding, the Corporations Act protocols to ensure independence were adopted.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Fixed remuneration consists of a base remuneration package, which includes Directors' fees (in the case of Directors), salaries, consulting fees, employer contributions to superannuation funds and non-monetary benefits such as health insurance and tax advisory services.

Fixed remuneration levels for Directors and Executive officers will be reviewed annually, or on promotion by the Board through a process that considers the individual's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Total remuneration for Non-Executive Directors is determined by resolution of shareholders. The Board determines actual payments to Directors and reviews their remuneration annually, based on market relativities and the duties and accountabilities of the Directors. The maximum available aggregate remuneration approved for Non-Executive Directors is A$200,000. Non-Executive Directors do not receive any other retirement benefits other than a superannuation guarantee contribution required by government regulation, which was 9.5% of their fees for the year ended 30 June 2018.

Non-Executive Directors may provide specific consulting advice to the Company upon direction from the Board. Remuneration for this work is made at market rates. No such advice was provided in the year ended 30 June 2018.

(ii) Short-term incentives (STI)

Feature	***Description of STI***
Max opportunity	100% of fixed remuneration or as stipulated in the respective employment contract.
Performance metrics	The STI metrics align with our strategic priorities of market competitiveness, achieving financial budget, operational excellence, shareholder value and fostering talented and engaged people.
Achievement of award and Board's discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.
Delivery of STI	100% of the STI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the Board and subject to shareholders' approval at AGM.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of performance rights are generally nil.
Forfeiture and termination	Options and performance rights will lapse if performance conditions are not met. Options and performance rights will be forfeited on cessation of employment unless the Board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

(iii) Long-term incentives (LTI)

Feature	***Description of LTI***
Max opportunity	100% of fixed remuneration or as stipulated in the respective employment contract.
Performance metrics	The LTI metrics align with our strategic priorities of market competitiveness, achieving financial budget, operational excellence and long-term shareholder value.
Delivery of LTI	100% of the LTI award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the Board and subject to shareholders' approval at AGM.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.
Forfeiture and termination	Options and performance rights will lapse if performance conditions are not met. Options and performance rights will be forfeited on cessation of employment unless the Board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

(vi) Service rights (SR)

Feature	***Description of SR***
Max opportunity	One off issuance subject to Board's discretion to attract and retain high calibre employee.
Performance metrics	Subject to employee remains employed by the Company on the vesting date.
Delivery of SR	100% of the SR award is paid in cash or equity, subject to meeting vesting conditions of performance hurdles. The mode of delivery is at the discretion of the Board and subject to shareholders' approval at AGM.
Exercise price	Exercise price of options is determined based on premium to share price at which the company's shares are traded on the Australian Stock Exchange on date of the grant. Exercise price of service rights and performance rights are generally nil.
Forfeiture and termination	Options and service rights will lapse if performance conditions are not met. Options and performance rights will be forfeited on cessation of employment unless the Board determines otherwise in its sole and absolute discretion, e.g. in the case of retirement due to injury, disability, death or redundancy.

REMUNERATION REPORT (audited) (continued)

(c) Elements of remuneration (continued)

Company performance

The table below shows the performance of the Company for the past five financial years.

	2018	2017	2016	2015	2014
Total Income (US$)	17,606,600	19,896,944	13,062,662	2,376,983	119,409
Net Loss (US$)	(4,926,820)	(7,297,601)	(7,397,939)	(2,791,076)	(5,913,790)
Closing Share Price (A$)	0.07	0.31	0.93	0.98	0.56
Number of Shares	216,744,323	214,055,365	206,372,375	139,230,199	117,824,223
Market Capitalisation (A$)	14,738,614	66,357,163	191,926,309	136,445,595	65,981,565

(d) Remuneration expenses for KMP

Remuneration packages may contain the following key elements:

a) Short-term benefits, including salary and fees, bonus and other benefits;
b) Post-employment benefits, including superannuation; and
c) Share-based payments, including options and rights granted as remuneration.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

The following table discloses the remuneration of the key management personnel during the financial year:

2018

	Short-Term Benefits		Post-Employment	Share-based Payments [2]			Termination Payments [9]	Total	Performance based
	Salary and Fees [1] (US$)	Bonus (US$)	Superannuation (US$)	Performance-based (US$)	Service-based (US$)	Options (US$)	(US$)	(US$)	(%)
Directors									
Mr L Carroll [3]	60,952	-	5,790	-	54,463	-	-	121,205	-
Mr M Schuessler	522,600	-	-	(84,329)	85,090	-	-	523,361	-
Mr G Watts [4]	22,632	-	2,150	-	17,913	-	-	42,695	-
Mr W Johnson [5]	3,741	-	355	-	-	-	-	4,096	-
Mr B Alfonso [6]	186,300	-	-	(304,395)	(661,530)	-	93,150	(686,475)	-
Mr T Allen [7]	34,976	-	3,323	-	-	-	-	38,299	-
Ms P Fields [7]	64,537	-	5,704	(82,540)	-	-		(12,299)	-
Senior Executives									
Mr C Overley	275,000	-	1,184	(118,912)	-	-	-	157,272	-
Mr S Alvarez [8]	41,667	-	-	-	-	-	375,000	416,667	-
Total	**1,212,405**	**-**	**18,506**	**(590,176)**	**(504,064)**	**-**	**468,150**	**604,821**	

1 This includes annual leave where applicable.
2 Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 15.
Credit amounts refer to reversal of share-based payments expense in respect of the options or rights which have not vested due to resignation or forfeiture.
3 Appointed as Non-Executive Chairman on 18 September 2017.
4 Appointed as Non-Executive Director on 5 January 2018
5 Appointed as Non-Executive Director on 10 April 2018
6 Resigned on 2 January 2018
7 Resigned on 5 January 2018
8 Resigned on 13 July 2017
9 Termination payments were made in cash based on contractual terms

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

2017

	Short-Term Benefits		Post-Employment	Share-based Payments [2]			Termination Payments	Total	Performance based
	Salary and Fees [1] (US$)	Bonus (US$)	Superannuation (US$)	Performance-based (US$)	Service-based (US$)	Options (US$)	(US$)	(US$)	(%)
Directors									
Mr T Allen [3]	56,748	-	5,391	-	-	163,244	-	225,383	-
Mr B Alfonso [4]	351,346	-	-	517,436	1,367,376	-	-	2,236,158	23
Ms P Fields	151,133	-	12,542	669,866	-	-	-	833,541	80
Mr W Loxton [5]	292,397	-	23,876	646,556	-	-	-	962,829	67
Senior Executives									
Mr M Schuessler	501,923	-	-	234,579	255,458	-	-	991,960	24
Mr C Overley [6]	224,231	-	3,183	308,539	-	-	-	535,953	58
Mr S Alvarez	500,000	32,000	-	-	-	143,854	-	675,854	5
Total	**2,077,778**	**32,000**	**44,992**	**2,376,976**	**1,622,834**	**307,098**	**-**	**6,461,678**	

1 This includes annual leave where applicable.
2 Calculated in accordance with AASB 2 Share-based Payments. Refer to Note 15.
3 Appointed as Non-Executive Chairman on 6 April 2017.
4 Appointed as Managing Director on 22 March 2017.
5 Retired on 6 April 2017. Any share-based payments expense previously recognised under AASB 2 in respect of the options or rights which have not vested has been reversed.
6 Appointed as Global Chief Marketing Officer on 8 September 2016.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel

Shareholders approved the YOW Employee Incentive Plan (EIP) at the Annual General Meeting held on 23 November 2015. The EIP is developed to meet contemporary equity design standards and to provide the greatest flexibility in the design and offer choices available in the various new equity schemes. The EIP enables the Company to offer employees a range of different employee share scheme ("ESS") interests. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights.

Whenever Shares are acquired under the EIP, they may be acquired and held by an Employee Share Trust ("EST"). The EST will be governed by a trust deed ("EST Trust Deed") outlining the rules of the EST and the responsibilities of the Trustee, the Company and participants.

The Board believes that the grant of incentives under the EIP to eligible participants will underpin the employment strategy of attracting and retaining high calibre staff capable of executing the Company's strategic plans, and will maximise the retention of key management and operational staff; enhance the Company's ability to attract quality staff in the future, link the rewards of key staff with the achievement of strategic goals and the long term performance objectives of the Company, and provide incentives to participants of the EIP to deliver superior performance that creates shareholder value.

Where the participant is a Director or related party of the Company, specific shareholder approval will have to be sought under the ASX Listing Rules prior to the grant of incentives under EIP to such an individual.

The exercise price, if any will be determined by the Board in its discretion and set out in the related invitation. The exercise price may be any amount and may be as low as zero, in which case a statement to that effect will be set out in the related invitation.

Securities issued under the EIP will lapse or be forfeited on the earliest of:

a) Any expiry date applicable to the securities;
b) Any date which the Board determines that vesting conditions applicable to the securities are not met or cannot be met;
c) The participant dealing in respect of the securities in contravention of the EIP; and
d) The Board determining that a participant has committed an act of fraud, is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel (continued)

Options and rights granted to key management personnel as remuneration during the year:

Name	Security	Grant Date	No of Securities Granted	Exercise Price	Vesting Date	Expiry Date	Fair Value per Security at Grant Date
Mr B Alfonso	Performance Rights STI	1 Jul 2017	TBD [1]	Nil	30 Jun 2018	30 Jun 2019	N/A
	Performance Rights LTI	1 Jul 2017	1,468,120 [2]	Nil	30 Jun 2020	30 Jun 2021	A$0.31
Mr M Schuessler	Performance Rights STI	1 Jul 2017	TBD [3]	Nil	30 Jun 2018	30 Jun 2019	N/A
	Performance Rights LTI	1 Jul 2017	629,194	Nil	30 Jun 2020	30 Jun 2021	A$0.31
Mr C Overley	Performance Rights STI	1 Jul 2017	TBD [3]	Nil	30 Jun 2018	30 Jun 2019	N/A
	Performance Rights LTI	1 Jul 2017	901,845	Nil	30 Jun 2020	30 Jun 2021	A$0.31
Mr L Carroll	Service Rights	16 Nov 2017	815,217	Nil	18 Sep 2018 to 18 Sep 2020	18 Sep 2023 to 18 Sep 2025	A$0.18
Mr G Watts	Service Rights	8 Jan 2018	500,001	Nil	8 Jan 2019 to 8 Jan 2021	8 Jan 2024 to 8 Jan 2026	A$0.16

1 The number of rights vested would be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2018. However, the rights were subsequently cancelled due to cessation of employment during the year.

2 Subsequently cancelled due to cessation of employment during the year.

3 The number of rights vested would be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2018. However, the rights were subsequently forfeited during the year at Board's discretion in light of shareholder sentiment.

The assessed fair value at grant date of options or rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration table. Refer to Note 15 for further details of the valuation of options and rights.

REMUNERATION REPORT (audited) (continued)

(d) Remuneration expenses for KMP (continued)

Share-based compensation to key management personnel (continued)

No options held by key management personnel were exercised during the year ended 30 June 2018

Details of options and rights that vested or lapsed during the year are set out below:

Name	Grant Date	Vesting Date	Number of Options/Rights Vested	Number of Options/Rights Lapsed/Forfeited
Mr M Schuessler	13 Jun 2016	12 Jun 2018	132,925	-
	13 Jun 2016	30 Jun 2018	-	199,387
	1 Jul 2017	30 Jun 2018	-	TBD [1]
Mr B Alfonso	15 Jun 2016	14 Jun 2018	-	1,000,000
	15 Jun 2016	14 Jun 2019	-	1,000,000
	15 Jun 2016	30 Jun 2018	-	468,349
	15 Jun 2016	30 Jun 2019	-	468,349
	1 Jul 2017	30 Jun 2018	-	TBD [2]
	1 Jul 2017	30 Jun 2020	-	1,468,120
Mr T Allen	23 Nov 2015	31 Dec 2015	-	275,000
	23 Nov 2015	31 Dec 2016	-	375,000
	23 Nov 2015	30 Jun 2017	-	425,000
Ms P Fields	28 Nov 2014	28 Nov 2014	-	1,000,000
	23 Nov 2015	31 Aug 2017	-	106,833
	23 Nov 2015	31 Aug 2018	-	106,833
	7 Nov 2016	31 Aug 2019	-	347,222
Mr C Overley	8 Sep 2016	30 Jun 2018	-	388,665
	1 Jul 2017	30 Jun 2018	-	TBD [1]
Mr S Alvarez	16 Jun 2015	31 Dec 2015	-	550,000
	16 Jun 2015	31 Dec 2016	-	750,000
	16 Jun 2015	30 Jun 2017	-	850,000

[1] The number of rights vested would be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2018. However, the rights were forfeited during the year at Board's discretion in light of shareholder sentiment.

[2] The number of rights vested would be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2018. However, the rights were cancelled due to cessation of employment during the year.

REMUNERATION REPORT (audited) (continued)

(e) Contractual arrangements for KMP

Remuneration and other terms of employment for Executives are formalised in a service agreement. The KMP are remunerated on a total fixed remuneration (TFR) basis inclusive of superannuation and allowances.

Position	Executive	Total Annual Fixed Remuneration	Contract Duration	Termination Clause
Non-Executive Chairman	Louis Carroll	A$110,000	Ongoing	Duration of the contract is ongoing.
Managing Director and Global Chief Executive Officer	Mark Schuessler	US$522,600	Ongoing	14 days written notice. Three months of base salary as severance pay in the event of termination by the Company
Non-Executive Director	Glen Watts	A$65,700	Ongoing	Duration of the contract is ongoing
Non-Executive Director	William Johnson	A$24,300	Ongoing	Duration of the contract is ongoing
Global Chief Marketing Officer	Cove Overley	US$277,300	Ongoing	One month written notice

REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel

(i) Option Holdings

The number of options over ordinary shares in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Exercised (No)	Lapsed/ Forfeited (No)	Balance at End of Year (No)	Options Vested and Exercisable at End of Year (No)
Directors						
Mr L Carroll	-	-	-	-	-	-
Mr M Schuessler	-	-	-	-	-	-
Mr G Watts	-	-	-	-	-	-
Mr W Johnson	-	-	-	-	-	-
Mr B Alfonso	-	-	-	-	-	-
Mr T Allen	1,075,000	-	-	(1,075,000)	-	-
Ms P Fields	1,000,000	-	-	(1,000,000)	-	-
Senior Executives						
Mr C Overley	-	-	-	-	-	-
Mr S Alvarez	2,150,000	-	-	(2,150,000)	-	-
Total	**4,225,000**	**-**	**-**	**(4,225,000)**	**-**	**-**

REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel (continued)

(ii) Rights Holdings

The number of performance rights and service rights in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Exercised (No)	Lapsed/ Forfeited (No)	Balance at End of Year (No)
Directors					
Mr L Carroll	-	815,217	-	-	815,217
Mr M Schuessler	897,549	1,338,667 [1]	(342,398)	(199,387)	1,694,431
Mr G Watts	-	500,001 [2]	-	-	500,001
Mr W Johnson	-	-	-	-	-
Mr B Alfonso	3,936,698	2,924,153 [3]	(2,456,033)	(4,404,818)	-
Mr T Allen	-	-	-	-	-
Ms P Fields	560,888	-	-	(560,888)	-
Senior Executives					
Mr C Overley	777,330	901,845	-	(388,665)	1,290,510
Mr S Alvarez	-	-	-	-	-
Total	**6,172,465**	**6,479,883**	**(2,798,431)**	**(5,553,758)**	**4,300,159**

1 This includes 709,473 rights from STI FY2017 which vested at 30 June 2017 but the number of rights were only determined subsequently based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. The share-based expenses relating to this were already expensed in the financial year ending 30 June 2017.

2 Subject to shareholders' approval.

3 This includes 1,456,033 rights from STI FY2017 which vested at 30 June 2017 but the number of rights were only determined subsequently based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. The share-based expenses relating to this were already expensed in the financial year ending 30 June 2017.

REMUNERATION REPORT (audited) (continued)

(f) Equity Instrument Disclosures relating to Key Management Personnel (continued)

(iii) Share Holdings (Ordinary Shares)

The number of shares in the Company held during the financial year by each KMP, including their personally related parties, is set out in the following table. No shares were granted during the reporting year as compensation.

Name	Balance at Start of Year (No)	Granted as Remuneration (No)	Acquisition (No)	Exercise of Options/ Rights (No)	Other Changes [1] (No)	Balance at End of Year (No)
Directors						
Mr L Carroll	-	-	750,000	-	-	750,000
Mr M Schuessler	-	-	-	342,398	-	342,398
Mr G Watts	27,694	-	-	-	-	27,694
Mr W Johnson	-	-	-	-	-	-
Mr B Alfonso	276,700	-	600,000	1,000,000	(1,876,700)	-
Mr T Allen	150,000	-	330,000	-	(480,000)	-
Ms P Fields	4,547,790	-	-	-	(4,547,790)	-
Senior Executives						
Mr C Overley	-	-	-	-	-	-
Mr S Alvarez	-	-	-	-	-	-
Total	**5,002,184**	**-**	**1,680,000**	**1,342,398**	**(6,904,490)**	**1,120,092**

1 This movement refers to the resignation of KMP during the year. Disclosure of a KMP's equity holding is not required subsequent to his resignation.

Loans to and other transactions with key management personnel

There were no loans outstanding or other transactions with key management personnel and their related parties during the year ended 30 June 2018.

END OF AUDITED REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Yowie Group Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 19 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 34 of the financial report.

Signed in accordance with a resolution of the Directors.

Louis Carroll
Non-Executive Chairman
27 August 2018

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Directors
Yowie Group Limited
Level 4, 216 St Georges Tce
Perth WA 6000

27 August 2018

Dear Directors,

Yowie Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Yowie Group Limited.

As lead audit partner for the audit of the financial statements of Yowie Group Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act* 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 US$	Consolidated 2017 US$
Sale of goods		**17,519,314**	19,475,621
Cost of sales		**(9,077,116)**	(8,788,982)
Gross profit		**8,442,198**	10,686,639
Selling and distribution		**(3,823,039)**	(3,157,498)
Marketing		**(3,515,736)**	(4,420,646)
Administration	5	**(4,099,925)**	(11,044,358)
Finance cost		**-**	(621)
Other income	4	**87,286**	421,323
Foreign exchange gains / (losses)		**145,914**	(138,618)
Write-down of inventory	10	**(1,134,364)**	(224,774)
Net reversal of impairment of plant and equipment	11	**472,859**	-
Impairment of intangible assets	12	**(1,203,393)**	-
Loss before income tax		**(4,628,200)**	(7,878,553)
Income tax (expense) / benefit	6	**(298,620)**	580,952
Loss after income tax for the year		**(4,926,820)**	(7,297,601)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve		**(275,306)**	681,693
Total comprehensive loss for the year net of tax attributable to members of the Company		**(5,202,126)**	(6,615,908)
Loss per share attributable to members of the Company			
Basic loss per share (cents)	7	**(2.29)**	(3.50)
Diluted loss per share (cents)	7	**(2.29)**	(3.50)

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated 2018 US$	Consolidated 2017 US$
Current Assets			
Cash and cash equivalents	16(a)	**19,466,956**	26,877,580
Trade and other receivables	8	**2,870,777**	1,522,537
Prepayments	9	**1,621,423**	1,171,411
Inventories	10	**3,307,782**	3,721,390
Total Current Assets		**27,266,938**	33,292,918
Non-Current Assets			
Plant and equipment	11	**4,447,954**	3,512,987
Intangible assets	12	**860,931**	1,139,520
Deferred tax assets	6	**680,604**	1,042,061
Total Non-Current Assets		**5,989,489**	5,694,568
Total Assets		**33,256,427**	38,987,486
Current Liabilities			
Trade and other payables	13	**3,566,675**	2,678,035
Provisions		**3,548**	28,223
Current tax liabilities		**51,298**	175
Unearned income		**45,684**	87,487
Total Current Liabilities		**3,667,205**	2,793,920
Total Liabilities		**3,667,205**	2,793,920
Net Assets		**29,589,222**	36,193,566
Equity			
Issued capital	14(a)	**55,635,991**	55,198,677
Reserves	14(d)	**23,383**	5,107,475
Accumulated losses		**(26,070,152)**	(24,112,586)
Total Equity		**29,589,222**	36,193,566

This consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued capital US$	Share-based payment reserve US$	Consolidated Foreign currency translation reserve US$	Accumulated losses US$	Total US$
Balance as at 1 July 2016		52,631,418	5,825,069	(2,937,966)	(18,541,945)	36,976,576
Loss for the year		-	-	-	(7,297,601)	(7,297,601)
Other comprehensive income						
Foreign currency translation		-	-	681,693	-	681,693
Total comprehensive loss for the year		-	-	681,693	(7,297,601)	(6,615,908)
Transactions with owners recorded directly in equity						
Shares issued	14(b)	792,227	-	-	-	792,227
Shares issued under YOW Employee Incentive Plan	14(b)	1,790,385	(1,790,385)	-	-	-
Share issue transaction costs	14(b)	(15,353)	-	-	-	(15,353)
Share-based payments		-	5,056,024	-	-	5,056,024
Expired options and rights		-	(1,726,960)	-	1,726,960	-
Balance as at 30 June 2017		55,198,677	7,363,748	(2,256,273)	(24,112,586)	36,193,566
Balance as at 1 July 2017		**55,198,677**	**7,363,748**	**(2,256,273)**	**(24,112,586)**	**36,193,566**
Loss for the year		**-**	**-**	**-**	**(4,926,820)**	**(4,926,820)**
Other comprehensive income						
Foreign currency translation		**-**	**-**	**(275,306)**	**-**	**(275,306)**
Total comprehensive loss for the year		**-**	**-**	**(275,306)**	**(4,926,820)**	**(5,202,126)**
Transactions with owners recorded directly in equity						
Shares issued	14(b)	**-**	**-**	**-**	**-**	**-**
Shares issued under YOW Employee Incentive Plan	14(b)	**441,824**	**(675,197)**	**-**	**-**	**(233,373)**
Share issue transaction costs	14(b)	**(4,510)**	**-**	**-**	**-**	**(4,510)**
Share-based payments		**-**	**(1,164,335)**	**-**	**-**	**(1,164,335)**
Expired options and rights		**-**	**(2,969,254)**	**-**	**2,969,254**	**-**
Balance as at 30 June 2018		**55,635,991**	**2,554,962**	**(2,531,579)**	**(26,070,152)**	**29,589,222**

This consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated	
		2018 US$	2017 US$
Cash flow from operating activities			
Receipts from customers		**17,752,274**	19,185,159
Other receipts		**9,344**	10,405
Payments to suppliers and employees		**(23,501,214)**	(24,232,917)
Interest received		**79,231**	455,555
Income taxes paid		**164,634**	(490,143)
Net cash flows used in operating activities	16(b)	**(5,495,731)**	(5,071,941)
Cash flow from investing activities			
Payments for security deposit		**-**	(8,381)
Payments for plant and equipment		**(728,863)**	(536,976)
Payments for intangible assets		**(1,059,241)**	(537,848)
Net cash flows used in investing activities		**(1,788,104)**	(1,083,205)
Cash flow from financing activities			
Proceeds from shares issued		**-**	-
Proceeds from exercise of options		**-**	792,239
Payment of share issue transaction costs		**(9,712)**	(11,912)
Net cash inflows from financing activities		**(9,712)**	780,327
Net decrease in cash and cash equivalents		**(7,293,547)**	(5,374,819)
Cash and cash equivalents at beginning of the year		**26,877,580**	31,693,265
Effect of foreign exchange movements		**(117,077)**	559,134
Cash and cash equivalents at end of the year	16(a)	**19,466,956**	26,877,580

This consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

1. CORPORATE INFORMATION

Yowie Group Limited ("the Company") is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

These financial statements are presented in United States Dollar. The financial report was authorised for issue by the Directors on 27 August 2018 in accordance with a resolution of the Directors.

The nature of the operations and principal activities of the Company are described in the Directors' Report on page 9.

2. BASIS OF PREPARATION

The financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Accounting Interpretations. The financial statements have been prepared on a historical cost basis. Yowie Group Limited is a for-profit entity for the purpose of preparing these financial statements.

The financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3. SEGMENT REPORTING

The Group has only one reportable segment, which relates to the operations of its confectionery business, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

<u>Major customer information</u>

The revenue from major customers set out below arises from the sale of Yowie chocolate confectionery product.

	Consolidated	
	2018	**2017**
	US$	**US$**
Major customer 1 (after stock adjustment claim)	**7,964,114**	12,272,026
% of Total Net Sales	**45%**	63%
Major customer 2	**2,598,147**	1,886,544
% of Total Net Sales	**15%**	10%

4. OTHER INCOME

	Consolidated 2018 US$	2017 US$
Interest income	**79,520**	412,412
Other income	**7,766**	8,911
	87,286	421,323

5. ADMINISTRATION

	Consolidated 2018 US$	2017 US$
Administration expenses include:		
Employee benefits	**2,390,587**	2,671,926
Business development and travel	**1,185,222**	1,890,895
Legal, tax, listing, compliance and insurance	**874,443**	1,155,832
Share-based payments (refer to Note 15)	**(1,164,335)**	4,589,883
Depreciation and amortisation	**245,691**	195,399
Other administrative expenses	**568,317**	540,423
	4,099,925	11,044,358

6. TAXATION

(a) The major components of income tax expense are:

	Consolidated 2018 US$	2017 US$
Current income tax	**25,363**	359,303
Adjustments for current tax of prior periods	**(88,200)**	101,806
Total current tax expense	**(62,837)**	461,109
Deferred income tax		
Decrease/(increase) in deferred tax assets	**361,457**	(1,042,061)
	361,457	(1,042,061)
Income tax (benefit)/expense reported in the statement of profit and loss and other comprehensive income	**298,620**	(580,952)

6. **TAXATION (continued)**

(b) The prima facie tax on operating loss differs from the income tax provided in the accounts as follows:

	Consolidated	
	2018	**2017**
	US$	**US$**
Loss from ordinary activities before tax	**(4,628,200)**	(7,878,553)
Prima facie tax benefit on loss at 30%	**1,388,460**	2,363,566
Effect of different tax rates on overseas losses	**188,741**	954,948
Income tax benefit not recognised	**(1,875,821)**	(2,737,562)
Income tax benefit / (expense)	**(298,620)**	580,952

(c) Deferred income tax at 30 June relates to the following:

	Consolidated	
	2018	**2017**
	US$	**US$**
Deferred tax assets		
Share issue and acquisition costs	**479,438**	775,170
Plant and equipment	**163,522**	-
Inventory	**254,708**	476,224
Intercompany loans – unrealised foreign exchange losses	**461,182**	-
Provisions and accruals	**230,035**	49,075
Revenue tax losses	**6,835,432**	7,578,954
Deferred tax assets used to offset deferred tax liabilities	**(752,723)**	(807,826)
Deferred tax assets not brought to account [1]	**(6,990,990)**	(7,029,536)
	680,604	1,042,061
Deferred tax liabilities		
Plant and equipment	**579,335**	246,828
Other assets	**-**	19,273
Intercompany loans – unrealised foreign exchange gains	**173,388**	541,725
Deferred tax assets used to offset deferred tax liabilities	**(752,723)**	(807,826)
	-	-

[1] Deferred tax assets have not been brought to account to the extent that it is not probable within the immediate future that taxable profits will be available against which deductible temporary differences can be utilised. This also applies to deferred tax assets for unused tax losses carried forward.

The Group's unrecognised tax losses in Australia of US$2,773,812 and Hong Kong of US$3,646,039 are available indefinitely for offset against future profits subject to continuing to meet the relevant statutory tests. The Parent Company and its Australian subsidiary have formed a tax consolidated group. Unrecognised tax losses in the US of US$415,581 can be used for up to 20 years.

7. LOSS PER SHARE

Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic earnings per share.

Classification of securities as potential ordinary shares

There are currently no securities to be classified as dilutive potential ordinary shares on issue, as the options on issue are anti-dilutive.

	Consolidated	
	2018 Number	**2017 Number**
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**215,123,720**	208,341,352
	US$	**US$**
Basic loss attributable to ordinary equity holders of the parent	**(4,926,820)**	(7,297,601)

This calculation does not include instruments that could potentially dilute basic earnings per share in the future as these instruments are anti-dilutive, since their inclusion would reduce the loss per share.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018 US$	**2017 US$**
Current		
Trade debtors	**2,761,897**	1,400,669
Other debtors	**-**	723
Security deposit	**73,822**	75,619
GST receivable	**35,058**	45,526
	2,870,777	1,522,537

Trade debtors generally have 30 day terms. GST receivables have repayment terms applicable under the relevant government authority. No amounts are past due or impaired. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group's exposure to risks are summarised in Note 22.

9. PREPAYMENTS

	Consolidated	
	2018	2017
	US$	US$
Current		
Prepayments – raw materials	**993,686**	816,446
Prepayments – other	**627,737**	354,965
	1,621,423	1,171,411

10. INVENTORIES

	Consolidated	
	2018	2017
	US$	US$
Current		
Raw materials	**1,386,136**	1,671,145
Work in progress	**159,368**	-
Finished goods	**2,140,424**	2,134,245
Provision for disposal	**(378,146)**	(84,000)
	3,307,782	3,721,390

(i) Inventories are valued at the lower of cost or net realisable value.

(ii) Inventories recognised as an expense to cost of sales during the year ended 30 June 2018 amounted to US$9,077,116 (2017: US$8,788,982).

(iii) Write-downs of inventories to net realisable value during the year ended 30 June 2018 amounted to US$1,134,364 (2017: US$224,774). The large write-downs during the year ended 30 June 2018 is due to disposal (and provision for disposal) of raw materials relating to Discovery World and outdated Yowie Series.

11. PLANT AND EQUIPMENT

	Consolidated	
	2018	2017
	US$	US$
Manufacturing plant and equipment		
Cost	**4,356,315**	3,726,352
Accumulated depreciation	**(420,136)**	(224,952)
	3,936,179	3,501,400
Manufacturing plant and equipment under construction		
Cost	**506,462**	-
Office equipment		
Cost	**24,640**	40,128
Accumulated depreciation	**(19,327)**	(28,541)
	5,313	11,587
Total plant and equipment	**4,447,954**	3,512,987

11. PLANT AND EQUIPMENT (continued)

Movements in the carrying amount of each class are set out below.

	Consolidated 2018 US$	Consolidated 2017 US$
Manufacturing plant and equipment		
Balance at the beginning of the year	**3,501,400**	2,896,340
Additions	**160,550**	364,408
Transfers from manufacturing plant and equipment under construction	**-**	434,171
Depreciation	**(198,630)**	(193,519)
Reversal of provision for impairment [1]	**499,377**	-
Impairment	**(26,518)**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**3,936,179**	3,501,400
Manufacturing plant and equipment under construction		
Balance at the beginning of the year	**-**	174,869
Additions	**506,462**	259,302
Transfers to manufacturing plant and equipment	**-**	(434,171)
Impairment	**-**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**506,462**	-
Office equipment		
Balance at the beginning of the year	**11,587**	10,001
Additions	**3,568**	9,661
Depreciation	**(5,328)**	(8,195)
Disposals	**(4,539)**	-
Foreign exchange adjustment	**25**	120
Carrying amount at the end of the year	**5,313**	11,587

[1] Reversal of provision for impairment is due to successful recovery of the wrapping machine from Whetstone Chocolate Factory. Refer to Note 18 for details.

12. INTANGIBLE ASSETS

	Consolidated	
	2018	2017
	US$	US$
Rights and licenses [1]		
Cost	**225,398**	225,398
Software		
Cost	**456,749**	247,641
Accumulated amortisation	**(229,406)**	(175,796)
	227,343	71,845
Product development [2]		
Cost	**632,179**	950,550
Accumulated amortisation	**(223,989)**	(108,273)
	408,190	842,277
Total intangible assets	**860,931**	1,139,520

1 Rights and licenses relate to Yowie trademark which management has assessed as having an indefinite useful life.

2 Product development relates to capitalised costs associated with the development of Yowie collectables.

Movements in the carrying amount of each class are set out below.

	2018	2017
Rights and licenses		
Balance at the beginning of the year	**225,398**	225,398
Amounts written off	**-**	-
Foreign exchange adjustment	**-**	-
Carrying amount at the end of the year	**225,398**	225,398
Software		
Balance at the beginning of the year	**71,845**	141,244
Additions	**209,784**	9,532
Amortisation	**(53,611)**	(78,931)
Foreign exchange adjustment	**(675)**	-
Carrying amount at the end of the year	**227,343**	71,845
Product development		
Balance at the beginning of the year	**842,277**	416,817
Additions	**956,058**	533,733
Amortisation	**(186,752)**	(108,273)
Amounts written off [1]	**(1,203,393)**	-
Carrying amount at the end of the year	**408,190**	842,277

1 The investment in the development of Yowie book and Yowie cartoon has been written off. The Board reviewed the expected future economic benefits from these investments and determined that it was highly unlikely that any future economic benefits would exceed the net book value and, therefore, the investment has been written off. The Group will continue to utilise these assets to broaden brand awareness and develop the Yowie character.

13. TRADE AND OTHER PAYABLES

	Consolidated 2018 US$	2017 US$
Current		
Trade payables and accruals	**3,564,791**	2,676,080
Other	**1,884**	1,955
	3,566,675	2,678,035

Trade creditor amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The Group's exposure to risks are summarised in Note 22.

14. ISSUED CAPITAL AND RESERVES

(a) Issued capital

	Consolidated 2018 US$	2017 US$
Ordinary shares, fully paid	**55,635,991**	55,198,677

(b) Movements in share capital

	US$	Number
As at 1 June 2016	**52,631,418**	**206,372,375**
Exercise of options	792,227	3,650,000
Conversion of rights	1,790,385	4,032,990
Share issue costs	(15,353)	-
As at 30 June 2017	**55,198,677**	**214,055,365**
Conversion of rights	441,824	2,688,958
Share issue costs	(4,510)	-
As at 30 June 2018	**55,635,991**	**216,744,323**

(c) Terms and conditions of issued capital

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

14. ISSUED CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

Share-based payment reserve
The share-based premium reserve is used to recognise the value of options, service rights and performance rights issued as share-based payments.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation balances of entities which have functional currency other than USD.

	Consolidated	
	2018	2017
	US$	US$
Share-based payment reserve	**2,554,962**	7,363,748
Foreign currency translation reserve	**(2,531,579)**	(2,256,273)
	23,383	5,107,475

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. The Company under the direction of management may issue new shares to provide for future development activity. The Group currently has no debt other than trade payables.

15. SHARE-BASED PAYMENTS

(a) Weighted average exercise prices

The following table illustrates the number and weighted average exercise prices (WAEP) of share options granted as share-based payments during the year.

	2018 Number	2018 WAEP (A$)	2017 Number	2017 WAEP (A$)
Outstanding at 1 July	**10,585,000**	**0.973**	14,785,000	0.777
Granted during the year	**100,000**	**0.373**	-	-
Exercised during the year	**-**	**-**	(3,650,000)	0.285
Lapsed/forfeited during the year	**(10,185,000)**	**0.938**	(550,000)	0.285
Outstanding as at 30 June	**500,000**	**1.552**	10,585,000	0.973
Vested and exercisable at 30 June	**500,000**	**1.552**	10,060,000	0.939

Rights granted as share-based payments during the year have weighted average exercise prices of nil (2017: nil).

15. SHARE-BASED PAYMENTS (continued)

(b) Remaining contractual life

The weighted average remaining contractual life for the share-based payment options outstanding as at 30 June 2018 was 0.17 years (2017: 0.55 years).

The weighted average remaining contractual life for the share-based payment rights outstanding as at 30 June 2018 was 3.31 years (2017: 2.15 years).

(c) Outstanding share options and rights under share-based payments

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Vesting Date	Expiry Date	Exercise Price (A$)	Share Options 30 June 2018	Share Options 30 June 2017
30 Jun 2014	30 Jun 2014	31 Dec 2017	0.900	-	50,000
30 Jun 2014	30 Apr 2015	31 Dec 2017	0.900	-	150,000
30 Jun 2014	30 Apr 2016	31 Dec 2017	1.050	-	300,000
28 Nov 2014	28 Nov 2014	31 Dec 2017	0.766	-	2,000,000
30 Jan 2015	30 Jan 2015	31 Dec 2017	0.766	-	300,000
12 Mar 2015	01 May 2015	31 Dec 2017	0.766	-	500,000
12 Mar 2015	01 Sep 2015	31 Dec 2017	0.900	-	1,000,000
12 Mar 2015	01 Feb 2016	31 Dec 2017	1.050	-	1,000,000
09 Apr 2015	30 Sep 2015	31 Dec 2017	0.900	-	100,000
09 Apr 2015	30 Sep 2016	31 Dec 2017	1.050	-	200,000
09 Jun 2015	31 Dec 2015	31 Dec 2017	0.766	-	550,000
09 Jun 2015	31 Dec 2016	31 Dec 2017	0.900	-	750,000
09 Jun 2015	30 Jun 2017	31 Dec 2017	1.050	-	850,000
29 Jul 2015	30 Sep 2016	31 Dec 2017	1.150	-	260,000
29 Jul 2015	30 Sep 2016	31 Dec 2017	1.250	-	520,000
23 Nov 2015	31 Dec 2015	31 Dec 2017	0.766	-	275,000
23 Nov 2015	31 Dec 2016	31 Dec 2017	0.900	-	375,000
23 Nov 2015	30 Jun 2017	31 Dec 2017	1.050	-	425,000
23 Dec 2015	30 Sep 2016	31 Dec 2017	1.150	-	60,000
23 Dec 2015	30 Sep 2016	31 Dec 2017	1.250	-	120,000
23 Dec 2015	24 Aug 2016	24 Aug 2018	1.510	100,000	200,000
23 Dec 2015	24 Aug 2017	24 Aug 2018	1.630	200,000	400,000
23 Dec 2015	08 Sep 2016	08 Sep 2018	1.400	75,000	75,000
23 Dec 2015	08 Sep 2017	08 Sep 2018	1.510	125,000	125,000
				500,000	**10,585,000**

15. SHARE-BASED PAYMENTS (continued)

(c) Outstanding share options and rights under share-based payments (continued)

The range of exercise prices for share-based payment options outstanding as at the end of the year was A$1.400 to A$1.630 (2017: A$0.766 to A$1.630).

Service rights and performance rights outstanding at the end of the year have the following expiry date:

Type	Grant Date	Vesting Date	Expiry Date	30 June 2018	30 June 2017
Performance rights LTI	23 Nov 2015	31 Aug 2017	30 Sep 2017	-	106,833
Performance rights LTI	23 Nov 2015	31 Aug 2018	30 Sep 2018	-	106,833
Service Rights	13 Jun 2016	12 Jun 2017	12 Jun 2018	-	100,000
Service Rights	13 Jun 2016	12 Jun 2017	12 Jun 2018	-	132,925
Service Rights	13 Jun 2016	12 Jun 2018	12 Jun 2019	132,925	132,925
Service Rights	13 Jun 2016	12 Jun 2019	12 Jun 2020	132,925	132,925
Performance rights LTI	13 Jun 2016	30 Jun 2018	30 Jun 2019	-	199,387
Performance rights LTI	13 Jun 2016	30 Jun 2019	30 Jun 2020	199,387	199,387
Service Rights	15 Jun 2016	14 Jun 2017	14 Jun 2018	-	1,000,000
Service Rights	15 Jun 2016	14 Jun 2018	14 Jun 2019	-	1,000,000
Service Rights	15 Jun 2016	14 Jun 2019	14 Jun 2020	-	1,000,000
Performance rights LTI	15 Jun 2016	30 Jun 2018	30 Jun 2019	-	468,349
Performance rights LTI	15 Jun 2016	30 Jun 2019	30 Jun 2020	-	468,349
Performance rights STI	1 Jul 2016	30 Jun 2017	30 Jun 2018	600,000	TBD [1]
Performance rights STI	8 Sep 2016	30 Jun 2017	30 Jun 2018	-	TBD [1]
Performance rights LTI	8 Sep 2016	30 Jun 2018	30 Jun 2019	-	388,665
Performance rights LTI	8 Sep 2016	30 Jun 2019	30 Jun 2020	388,665	388,665
Performance rights STI	1 Nov 2016	30 Jun 2017	30 Jun 2018	-	TBD [1]
Performance rights LTI	1 Nov 2016	30 Jun 2018	30 Jun 2019	-	152,542
Performance rights LTI	1 Nov 2016	30 Jun 2019	30 Jun 2020	-	152,542
Performance rights LTI	7 Nov 2016	31 Aug 2019	31 Aug 2020	-	347,222
Service rights	20 Feb 2017	20 Feb 2019	20 Feb 2020	-	248,513
Service rights	12 Jun 2017	12 Dec 2018	12 Dec 2019	142,511	142,511
Performance rights LTI	1 Jul 2017	30 Jun 2020	30 Jun 2021	1,531,039	-
Service rights	16 Nov 2017	18 Sep 2018	18 Sep 2023	271,739	-
Service rights	16 Nov 2017	18 Sep 2019	18 Sep 2024	271,739	-
Service rights	16 Nov 2017	18 Sep 2020	18 Sep 2025	271,739	-
Service rights	8 Jan 2018	8 Jan 2019	8 Jan 2024	166,667	-
Service rights	8 Jan 2018	8 Jan 2020	8 Jan 2025	166,667	-
Service rights	8 Jan 2018	8 Jan 2021	8 Jan 2026	166,667	-
				4,442,670	**6,868,573**

[1] The number of rights vested was calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 June 2017. Total value of the STI vested is US$556,648, out of which US$220,898 was settled in cash while the remaining US$335,750 was settled in fully vested rights (equivalent to 2,165,506 rights). During the year ended 30 June 2018, 1,565,506 of these rights were converted to shares and the remaining 600,000 rights are still outstanding as at 30 June 2018.

15. SHARE-BASED PAYMENTS (continued)

(d) Expenses arising from share-based payment transactions

As a result of the options and rights cancelled due to resignation and forfeiture, the share-based payments expense for the year is a credit of US$1,164,335 (2017: an expense of US$4,589,883). The Group recognises the share-based payments expense over the vesting period for any options and rights granted.

	Consolidated	
	2018	**2017**
	US$	**US$**
Options and rights issued to KMPs	**(1,094,240)**	4,306,908
Options and rights issued to other employees	**(70,095)**	268,792
Options and rights issued to consultants	**-**	14,183
	(1,164,335)	4,589,883

Options and rights issued to KMPs, other employees and consultants were issued as remuneration for future services. The Group fair valued the instruments granted.

(e) Fair values

The weighted average fair value of options and rights granted during the year ended 30 June 2018 was A$0.264 (2017: A$0.615).

i) Share-based payments during the year ended 30 June 2018

Management has estimated that all options and rights are expected to vest during the vesting period. On the vesting date, management will revise the estimate to equal the number of options and rights that ultimately vested and accordingly share-based payments expense will be adjusted.

The following tables list the inputs to the models used for the valuation of options and rights issued during the year ended 30 June 2018.

	Options[1]	**Service Rights**	**Service Rights**[2]
Number of securities	100,000	815,217	500,001
Exercise price (A$)	0.373	-	-
Grant date	1 Jul 2017	16 Nov 2017	8 Jan 2018
Expiry date	30 Jun 2019	18 Sep 2023 - 18 Sep 2025	8 Jan 2024 - 8 Jan 2026
Share price at grant date (A$)	0.31	0.18	0.16
Expected volatility	63%	67%	83%
Risk-free rate	1.78%	1.80%	1.92%
Fair value per security (A$)	0.08	0.18	0.16
Valuation method	Binomial	Binomial	Binomial

1 The options were cancelled during the year due to termination of contract.

2 Subject to shareholders' approval at AGM

15. SHARE-BASED PAYMENTS (continued)

(e) Fair values (continued)

i) Share-based payments during the year ended 30 June 2018 (continued)

	Performance Rights STI	Performance Rights LTI
Number of securities	TBD [1]	2,999,159[2]
Exercise price (A$)	-	-
Grant date	1 Jul 2017	1 Jul 2017
Expiry date	30 Jun 2019	30 Jun 2021
Share price at grant date (A$)	N/A	0.31
Expected volatility	N/A	72%
Risk-free rate	N/A	1.78%
Fair value per security (A$)	N/A	0.31
Valuation method	N/A	Binomial

[1] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 Jun 2018. These rights were granted to Mr B Alfonso, Mr M Schuessler and Mr C Overley. The rights for Mr B Alfonso were subsequently cancelled during the year due to his cessation of employment. The rights for Mr M Schuessler and Mr C Overley were subsequently forfeited during the year at Board's discretion in light of shareholder sentiment.

[2] 1,468,120 of these rights were granted to Mr B Alfonso and were subsequently cancelled during the year due to his cessation of employment.

ii) Share-based payments during the year ended 30 June 2017

The following tables list the inputs to the models used for the valuation of options and rights issued during the year ended 30 June 2017.

	Performance Rights STI	Performance Rights STI
Number of securities	TBD [1]	1,041,666
Exercise price (A$)	-	-
Grant date	1 Jul 2016 - 1 Nov 2016	7 Nov 2016
Expiry date	30 Jun 2018	7 Dec 2017
Share price at grant date (A$)	N/A	0.61
Expected volatility	N/A	56%
Risk-free rate	N/A	1.66%
Fair value per security (A$)	N/A	0.61
Valuation method	N/A	Binomial

[1] The number of rights vested will be calculated based on the 5-day VWAP after the release of the annual financial results for the year ending 30 Jun 2017. Total value of the STI vested is US$556,648.

	Performance Rights LTI	Service Rights
Number of securities	2,124,080	391,024
Exercise price (A$)	-	-
Grant date	8 Sep 2016 - 7 Nov 2016	20 Feb 2017 and 12 Jun 2017
Expiry date	30 Sep 2019 - 30 Jun 2020	12 Dec 2019 and 20 Feb 2020
Share price at grant date (A$)	0.59 - 0.72	0.326 and 0.524
Expected volatility	56% - 64%	58% and 62%
Risk-free rate	1.51% - 1.70%	1.63% and 1.81%
Fair value per security (A$)	0.59 - 0.72	0.326 and 0.524
Valuation method	Binomial	Binomial

16. CASH FLOW RECONCILIATION

(a) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and deposits at call.

Cash and cash equivalents at the end of the year as shown in the cash flow statement are reconciled to the related item in the statement of financial position as follows:

	Consolidated	
	2018 US$	2017 US$
Cash at bank	**12,670,097**	26,108,980
Short-term deposits	**6,796,859**	768,600
	19,466,956	26,877,580

(b) Reconciliation of operating loss after income tax to net cash used in operating activities

	Consolidated	
	2018 US$	2017 US$
Operating loss after income tax	**(4,926,820)**	(7,297,601)
Adjusted for:		
Depreciation and amortisation as per profit or loss	**245,691**	195,399
Depreciation and amortisation in cost of sales and closing inventories	**198,630**	193,519
Share-based payments	**(1,164,335)**	4,589,883
Cash-settled share-based payments	**(233,374)**	-
Foreign exchange (gain)/loss	**(132,780)**	5,660
Loss on disposal of asset	**4,539**	-
Net impairment of non-current asset	**730,534**	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(1,358,450)**	(256,049)
(Increase)/decrease in prepayments	**(450,012)**	494,857
(Increase)/decrease in inventories	**413,608**	(2,587,715)
(Increase)/decrease in deferred tax assets	**361,457**	(1,042,061)
Increase/(decrease) in trade and other payables	**830,936**	561,497
Increase/(decrease) in current tax liability	**51,123**	(6,204)
Increase/(decrease) in provisions	**(24,675)**	(10,613)
Increase/(decrease) in unearned revenue	**(41,803)**	87,487
Net cash used in operating activities	**(5,495,731)**	(5,071,941)

(c) Non-cash investing and financing activities

During the year there were no reportable non-cash financing and investing activities.

17. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

	Consolidated	
	2018	**2017**
	US$	**US$**
Short-term benefits	**1,212,405**	2,109,778
Post-employment benefits	**18,506**	44,992
Share-based payments expensed	**(1,094,240)**	4,306,908
Termination payments	**468,150**	-
	604,821	6,461,678

(b) Other transactions with key management personnel

There are no other transactions with key management personnel.

18. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Group had no significant commitments at the end of the reporting year.

(b) Contingencies

As reported previously, Yowie North America Inc ("YNA"), a wholly owned subsidiary of the Group, had brought claims against Whetstone Chocolate Factory ("WCF") and Atlantic Candy Company ("ACC") for the release and return of the RASCH "Type FI" wrapping machine ("Wrapper") owned by the Group and located at ACC's facility, as well as for monetary damages. YNA negotiated a settlement agreement with ACC for the release and return of the wrapper and the wrapper has been returned. Consequently, the provision for impairment relating to the wrapping machine that was previously recognised has been reversed during the year ended 30 June 2018.

In this same case, ACC has filed a counterclaim alleging that YNA has breached the Manufacturing Agreement between the parties and sent a Notice of Default to YNA alleging that YNA is also in default under the Patent and Technology License Agreement. The Company has disclaimed liability and is defending the action. The Company considers no provision is warranted in relation to this counterclaim. No trial date is currently set for this matter so YNA cannot make a determination as to when this matter will be resolved.

18. COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies (continued)

In a related matter, Mr. Whetstone, on 4 November 2016, filed suit in the Circuit Court for the Seventh Judicial Circuit in and for St. John's County, Florida against YNA. Whetstone alleges that YNA owes him royalty fees from the present until 2027 under the Patent Technology and License Agreement regardless of whether the Company uses Whetstone's patent. Because the Company is no longer using Mr Whetstone's patent in its manufacturing process, it believes that there is no legal basis under YNA's contract with Mr. Whetstone to pay him any royalty. Both parties filed and argued cross-motions for summary judgment on this issue in October 2017. The Court has not issued a ruling yet, but YNA anticipates a ruling in the 2019 financial year.

On 16 November 2017, Whetstone Industries and Mr. Whetstone filed tortious interference claims against the Group, Wayne Loxton, Patricia Fields, and Trevor Allen in Middle District of Florida. The Group, Wayne Loxton, Patricia Fields, and Trevor Allen were served with copies of these lawsuits in February 2018 and filed motions to dismiss for lack of personal jurisdiction in April 2018. On 25 July 2018, the court found jurisdiction in Florida. The parties are considering appellate options, but also intend to file an additional motion to dismiss challenging the legal validity of the claims brought against the parties. The Group cannot make a determination as to when this matter will be resolved.

Management is not able to reliably estimate the ultimate settlement amounts at this time nor does management believe any material payments would be made as a result of these cases, and therefore no provision in relation to the claim has been recognised in the financial statements. The Company will incur ongoing legal costs due to these cases. However, due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from the legal proceedings, we have not made any provision for legal costs.

19. AUDITOR'S REMUNERATION

The auditor of the Group is Deloitte Touche Tohmatsu Perth.

	Consolidated	
	2018 US$	2017 US$
Amounts received or due and receivable:		
Deloitte Touche Tohmatsu Perth		
Audit and review of financial reports	**49,754**	48,840
Tax consulting	**69,011**	74,788
	118,765	123,628
Network firms of Deloitte Touche Tohmatsu Perth		
Tax consulting	**60,960**	95,815
Other non-audit services	**-**	3,351
	60,960	99,166
Non Deloitte Touche Tohmatsu Perth and its network firms		
Audit and review of financial reports	**10,883**	15,339
Tax consulting	**11,535**	14,202
	22,418	29,541

20. PARENT ENTITY AND SUBSIDIARY INFORMATION

(a) Parent Entity Financial Information (Yowie Group Limited)

	2018 US$	2017 US$
Current assets	**8,711,524**	18,622,350
Non-current assets	**21,414,686**	18,092,561
Total assets	**30,126,210**	36,714,911
Current liabilities	**536,988**	1,120,103
Non-current liabilities	**-**	-
Total liabilities	**536,988**	1,120,103
Net assets	**29,589,222**	35,594,808
Issued capital	**57,206,301**	56,768,987
Reserves	**(1,112,527)**	4,767,420
Accumulated losses	**(26,504,552)**	(25,941,599)
	29,589,222	35,594,808
Loss of the parent entity	**(3,532,206)**	(8,369,875)
Total comprehensive loss of the parent entity	**(4,603,366)**	(7,214,666)

20. PARENT ENTITY AND SUBSIDIARY INFORMATION (continued)

(b) Commitment and Contingencies of the Parent Entity

The parent entity had no significant commitments or contingent liabilities as at 30 June 2018 or 30 June 2017. Refer to Note 18 for a discussion of contingencies of the Group.

(c) Subsidiaries

Name	Country of Incorporation	Percentage Interest	
		2018 %	2017 %
Yowie Enterprises Pty Ltd	Australia	100	100
Yowie North America, Inc.	USA	100	100
Yowie Natural World, Inc.	USA	100	100
Yowie Equipment Holding, Inc	USA	- [1]	100
Yowie Hong Kong Holdings Limited	Hong Kong (China)	100	100
Yowie Hong Kong Enterprises Limited	Hong Kong (China)	100	100
YOW Brands Limited	Hong Kong (China)	100	100

[1] Yowie Equipment Holding, Inc. merged with and into Yowie Natural World, the surviving corporation. The intention of the merger is for reorganisation of the Group's structure.

21. SUBSEQUENT EVENTS

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, receivables and payables.

The net fair values of the financial assets and liabilities at reporting date of the Group approximate the carrying amounts in the financial statements, except where specifically stated.

The Group manages its exposure to key financial risks, including interest rate, foreign currency risk, credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Risk exposures and responses

Interest rate risk
The Group's exposure to market interest rates relates primarily to the Group's cash and short-term deposits.

At reporting date, the Group had the following financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Consolidated	2018 US$	2017 US$
Cash at bank	**7,101,243**	6,456,345

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

	Post tax loss Higher / (lower)		Equity Higher / (lower)	
	2018 US$	2017 US$	2018 US$	2017 US$
+0.5% (2017: +0.5%)	**35,506**	32,282	**35,506**	32,282
-0.5% (2017: -0.5%)	**(35,506)**	(32,282)	**(35,506)**	(32,282)

The movements are due to higher or lower interest revenue from cash balances. A sensitivity of 0.5% is considered reasonable given the current level of both short term and long term Australian Dollar interest rates.

Foreign currency risk

As a result of the Australian entities having a functional currency in Australian Dollar which is different to the Group's presentation currency of US Dollar, the Group's statement of financial position can be affected significantly by movements in the Australian Dollar/US Dollar exchange rate.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Operational transactions are denominated in US Dollar. The Group's approach is to target specific levels at which to convert Australian Dollar to United States Dollar by entering into either spot or short term forward exchange contracts. The Group does not enter into transactions that qualify as hedging for hedge accounting purposes, with the exception of a number of spot and short term forward exchange contracts in relation to working capital management.

The financial assets and liabilities of the US and Hong Kong subsidiaries are held in the functional currency of these subsidiaries, which is US Dollar.

At 30 June, the US Dollar equivalence of assets and liabilities held in Australian Dollar and subject to foreign exchange risk are as follows:

Consolidated	**2018 US$**	**2017 US$**
Assets and liabilities of entities with AUD functional currencies		
Assets		
Cash and cash equivalents	**8,941,634**	18,840,593
Trade and other receivables	**100,119**	115,424
Prepayments	**30,696**	19,562
Plant and equipment	**14,647**	3,636
Total Assets	**9,087,096**	18,979,215
Liabilities		
Trade and other payables	**533,439**	1,091,881
Provisions	**3,549**	28,222
Total Liabilities	**536,988**	1,120,103

Intercompany loans are denominated in Australian Dollar and US Dollar. These loans are eliminated upon consolidation.

At 30 June, the effects on post tax profit or loss and equity from a change in the Australian Dollar/US Dollar exchange rate would be as follows:

	Profit or loss Higher / (lower)		**Equity Higher / (lower)**	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Exchange Rate + 10% (2017: +10%)	**483,674**	1,124,790	**190,066**	626,024
Exchange Rate - 10% (2017: -10%)	**(483,674)**	(1,124,790)	**(190,066)**	(626,024)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk exposures and responses (continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not hold any credit derivatives to offset its credit exposure. It holds its cash deposits with major banks with high credit ratings.

Cash at bank and short-term bank deposits

	Consolidated	
	2018	**2017**
	US$	**US$**
AAA rated banks	**3,500,744**	-
AA rated banks	**13,430,113**	19,792,848
A rated banks	**2,536,099**	7,084,732
	19,466,956	26,877,580

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its financial obligations. The Group's objective is to maintain adequate funding to meet its needs, currently represented by cash and short-term deposits sufficient to meet the Group's current cash requirements.

Maturity analysis for financial liabilities

	Consolidated	
	2018	**2017**
	US$	**US$**
Within one year	**3,566,675**	2,678,035
Between one and five years	**-**	-
	3,566,675	2,678,035

Contractual cash flows for financial liabilities are the same as carrying value.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended accounting standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations, including amendments to the existing standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any significant changes to the Group's accounting policies nor any significant effect on the measurement or disclosure of the amounts reported for the current or prior periods.

(b) New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. Those which may be relevant to the Group are set out below.

(i) AASB 16 Leases (2016)
Effective for annual reporting periods beginning on or after 1 January 2019

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligations to make lease payments. Management are in the process of assessing the impacts of the changes to AASB 16, however, does not believe the changes to the standard will have a material impact on the financial performance and financial position of the Group given the current level of operating lease commitments.

(ii) AASB 15 Revenue from Contracts with Customers (2015)
Effective for annual reporting periods beginning on or after 1 January 2018

The new standard replaces AASB 118 which covers the revenues arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. Management is in the process of assessing the likely impact of the changes to AASB 15 and does not believe the changes to the standard will have a material impact on the financial performance and financial position of the Group.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations issued but not yet effective (continued)

(iii) AASB 9 Financial Instruments (2014)
Effective for annual reporting periods beginning on or after 1 January 2018

AASB 9 will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

Management are in the process of assessing the impact of AASB 9, however, does not believe the changes to the standard will have a material impact on the financial performance and financial position of the Group.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Yowie Group Limited and its subsidiaries ("the Group") as at 30 June 2018.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

Non-controlling interests not held by the Group are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

(d) Foreign currency translation

Functional and presentation currency
The functional currency of Yowie Group Limited and Yowie Enterprises Pty Ltd is Australian Dollar (AUD). The functional currency of the other entities is United States Dollar (USD).

The presentation currency of Yowie Group Limited is United States Dollar (USD).

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to the statement of profit or loss and other comprehensive income.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

all resulting exchange differences are recognised in the statement of profit or loss and other comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(f) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.
Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

Inventories are measured at the lower of cost or net realisable value. Raw material inventories are accounted for at purchase cost on a weighted average cost basis. Finished goods and work in progress are accounted for at the purchase cost of direct materials plus manufacturing costs, including depreciation of manufacturing equipment. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated over the useful lives to the Group of the assets, commencing from the time the asset is held ready for use, as follows:

Class	Depreciation method
Manufacturing plant and equipment	Units of production basis
Office equipment	Straight line basis over 2.5 years

(i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are expensed to profit and loss as incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Rights and licenses
The Group made cash payments to purchase rights and licenses and they are valued at cost. They are assessed as having an indefinite useful life.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets (continued)

Product development
Expenditure on product development is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to reliably measure expenditure during development.

Product development costs are recorded as intangible assets and amortised using the units of production method from the point at which the asset is available for use.

Software
Costs associated with maintaining software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Other directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of other directly attributable costs.

Software costs are recorded as intangible assets and amortised from the point at which the asset is available for use over 3 years.

(j) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

(l) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer. Revenue is recognised net of trade discounts and volume rebates.

Interest revenue
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest revenue over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Royalties
Revenue is recognised when the right to receive payments is established.

(n) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax and other taxes (continued)

Current and deferred income tax is recognised in the Statement of Financial Position, except to the extent that it relates to items recognised in other comprehensive income or direct in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST recoverable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

(o) Share-based payment transactions

The Group provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with directors, employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share- based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share.

(p) Earnings / loss per share

Basic earnings / loss per share is calculated as net profit or loss attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted loss per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Financial instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables. They are measured initially at fair value and subsequently at amortised cost.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Impairment of assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(s) Segment disclosures

Operating segments are presented in a manner consistent with the management reports provided to the chief operating decision makers, which are currently represented by the full Board.

The Group has only one reportable segment, which relates to the operations of its confectionery business. All production and sales to date have taken place in the United States, with production carried out under a contract manufacturing arrangement. The net result is presented on a consolidated basis.

(t) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

Share-based payments
The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires making assumptions about the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 15.

23. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Significant accounting judgements, estimates and assumptions (continued)

Income taxes

Judgement is required in assessing whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation.

Impairment of non-financial assets

The Group tests annually whether non-financial assets have suffered any impairment, in accordance with the accounting policy stated at Note 23(r). An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The assumptions used in the budget, such as growth rates, and the discount rate used are subject to judgement and estimates.

Estimation of useful life of assets

Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support. Rights and licenses to Yowie brands are expected to be renewed in line with business continuity requirements.

In accordance with a resolution of the directors of Yowie Group Limited, I state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001,* including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

      (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2018.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

On behalf of the Board

Louis Carroll
Non-Executive Chairman

27 August 2018

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Independent Auditor's Report to the members of Yowie Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Yowie Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Act 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How the scope of our audit responded to the Key Audit Matter
Revenue recognition As at 30 June 2018 the Group's revenue from the sale of goods for the year was US$17,519,314. Significant judgement is required in determining the timing of revenue recognition, given the shipping terms for the transfer of the risks and rewards of the Yowie products.	Our procedures included, but were not limited to: • obtaining an understanding of the key controls management has in place to assess the timing of the revenue recorded; • testing on a sample basis, revenue transactions to confirm the timing of the transactions are recorded in accordance with the transfer of the risks and rewards; and • assessing the appropriateness of the disclosures included in Note 23(m) to the financial statements.
Carrying value of Intangible assets As disclosed in Note 12, the carrying value of intangible assets as at 30 June 2018 was $860,931. The assessment of the recoverable value of these intangible assets requires significant judgement of their future use.	Our procedures included, but were not limited to: • assessing capitalised costs for impairment triggers; • assessing the forecast of future use of the intangible assets; and • assessing the appropriateness of the disclosures included in Note 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 32 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Yowie Group Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ian Skelton
Partner
Chartered Accountants
Perth, 27 August 2018

Additional information as required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at 24 August 2018.

Distribution of Quoted Securities

Ranges	No. of Holders of Ordinary Shares	No. of Ordinary Shares
1 - 1,000	1,138	321,646
1,001 - 5,000	823	2,402,638
5,001 - 10,000	472	3,830,509
10,001 – 100,000	990	34,384,569
100,000 and over	219	176,404,961
Total	**3,642**	**217,344,323**

There were 2,009 shareholders holding less than a marketable parcel of ordinary shares.

Quoted and Unquoted Equity Securities

Equity Security	Quoted	Unquoted
Ordinary Shares	217,344,323	-
Employee Incentive Options Exercise Price: A$1.51 Expiry Date: 24 Aug 2018	-	100,000
Employee Incentive Options Exercise Price: A$1.63 Expiry Date: 24 Aug 2018	-	200,000
Employee Incentive Options Exercise Price: A$1.40 Expiry Date: 8 Sep 2018	-	75,000
Employee Incentive Options Exercise Price: A$1.51 Expiry Date: 8 Sep 2018	-	125,000
Employee Service Rights Exercise Price: Nil Expiry Date: 12 Jun 2019	-	132,925
Employee Service Rights Exercise Price: Nil Expiry Date: 12 Jun 2020	-	132,925
Employee Service Rights Exercise Price: Nil Expiry Date: 18 Sep 2023	-	271,739
Employee Service Rights Exercise Price: Nil Expiry Date: 18 Sep 2024	-	271,739
Employee Service Rights Exercise Price: Nil Expiry Date: 18 Sep 2025	-	271,739
Performance Rights LTI Exercise Price: Nil Expiry Date: 30 Jun 2019	-	588,052
Performance Rights LTI Exercise Price: Nil Expiry Date: 30 Jun 2020	-	1,531,039

Unlisted Employee/Consultant Options/Rights

Exercise Price	Expiry Date	No.	No. of Holders
A$1.51	24 Aug 2018	100,000	1
A$1.63	24 Aug 2018	200,000	1
A$1.40	8 Sep 2018	75,000	1
A$1.51	8 Sep 2018	125,000	1
Nil	12 Jun 2019	132,925	1
Nil	12 Jun 2020	132,925	1
Nil	18 Sep 2023	271,739	1
Nil	18 Sep 2024	271,739	1
Nil	18 Sep 2025	271,739	1
Nil	30 Jun 2019	588,052	2
Nil	30 Jun 2020	1,531,039	2

Twenty Largest Holders of Ordinary Shares

	Name	Shares Held	Percentage %
1	BNP PARIBAS NOMINEES PTY LTD	28,663,209	13.19
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,644,729	9.04
3	REASH PTY LTD	10,000,000	4.60
4	CITICORP NOMINEES PTY LIMITED	9,670,404	4.45
5	BENTLEY CAPITAL LIMITED	8,640,000	3.98
6	KEYBRIDGE CAPITAL LIMITED	7,887,471	3.63
7	ABDULLAH HANI ABDALLAH	5,666,667	2.61
8	MR KEITH PHILLIP HUDSON & MRS ANN HUDSON	5,026,373	2.31
9	PATRICIA MARY FIELDS	4,479,218	2.06
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,845,461	1.77
11	MR IAN MORTON & MRS DEBORAH MORTON	1,967,918	0.91
12	MR YUNG CHHUN TAING	1,949,691	0.90
13	DR GREGORY BRYAN MAKIN	1,857,027	0.85
14	MR MARK AVERY	1,600,766	0.74
15	MR DAVID C SCICLUNA & MR ANTHONY A SCICLUNA	1,584,000	0.73
16	BART SUPERANNUATION PTY LIMITED	1,516,000	0.70
17	AGRI EXPORT AUSTRALIA PTY LTD	1,448,689	0.67
18	SANDHURST TRUSTEES LTD	1,355,487	0.62
19	JFD ENTERPRISES PTY LTD	1,285,000	0.59
20	MR ASOK KUMAR & MRS RENU KUMAR	1,200,006	0.55
	TOTAL	**119,288,116**	**54.88**

Substantial Shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are as follows:

Shareholder	No. of Shares
FIL Limited	20,110,482
Bentley Capital Limited	43,054,114
Keybridge Capital Limited	43,054,114
Aurora Funds Management Limited in its capacity as responsible entity of HHY Fund and Seventh Orion Pty Ltd as trustee of the Aurora Investments Unit Trust	26,526,643

Voting Rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

Stock Exchange

The Company is listed on the Australian Securities Exchange and has been allocated the code "YOW". The "Home Exchange" is Perth.

On-market Buy-back

There is no current on-market buy-back.

Other Information

Yowie Group Limited is incorporated and domiciled in Australia, and is publicly listed company limited by shares.